

Article - Environment

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§14–111.

(a) Except as provided in subsection (d) of this section, every holder of a permit to drill for gas or oil shall:

(1) Submit a completion report on forms to be supplied by the Department within 30 days after the drilling of a well has been completed;

(2) Submit cutting samples at the request of the Department;

(3) Notify the Department when a well is about to be abandoned;

(4) Comply with all the requirements of this subtitle, including the proper sealing and plugging of a gas or oil well and reclamation of the site;

(5) Provide financial assurance of at least \$50,000 for each gas or oil well, including each well on a multiwell pad, but not less than the most recent closure cost estimate provided by the permit holder under § 14–105(a) of this subtitle;

(6) Obtain and keep in effect comprehensive general liability insurance coverage in an amount not less than \$300,000 for each person and \$500,000 for each occurrence or accident to pay damages for injury to persons or damage to property caused by sudden accidental occurrences arising from, or in support of, the activities authorized by a permit issued under § 14–104 of this subtitle, including the costs and expenses incurred in the investigation, defense, or settlement of claims;

(7) Obtain and keep in effect environmental pollution liability insurance in an amount not less than \$1,000,000 per loss for bodily injury and property damage to persons and natural resource damage, including the costs of cleanup and remediation, caused by the sudden or nonsudden release of pollutants arising from, or in support of, the activities authorized by a permit issued under § 14–104 of this subtitle, including the costs and expenses incurred in the investigation, defense, or settlement of claims;

(8) In the event of an assignment or transfer of a permit, maintain the existing financial assurance required under this section until replacement financial assurance is approved by the Department; and

(9) Notify the Department of the location of the equipment required by regulation for the prevention and containment of gas leaks and oil spills.

(b) The environmental pollution liability insurance required under subsection (a)(7) of this section shall be maintained for 5 years after the Department determines that:

- (1) The gas or oil well has been properly sealed and plugged; and
- (2) The site has been reclaimed.

(c) The permit holder's financial assurance required under subsections (a) and (b) of this section shall:

- (1) Extend to the owner or owners of the surface and subsurface property; and
- (2) Cover the acts and omissions of the permit holder's contractors and subcontractors during their activities in connection with the drilling, operation, and closure of the well.

(d) (1) Except as provided in paragraph (2) of this subsection, a holder of a permit to drill for gas or oil that has a well in existence on or before October 1, 2013, shall provide financial assurance by maintaining the same performance bond and liability insurance that is required for the holder's most recent permit or permit renewal issued on or before October 1, 2013.

(2) If a gas or oil well is in existence on or before October 1, 2013, and is modified after October 1, 2013, by recompletion, stimulation, deepening, or adding lateral extensions, the holder of the permit for the gas or oil well shall comply with the requirements for financial assurance contained in subsections (a), (b), (c), and (e) of this section.

(e) The Department may adopt regulations to:

(1) Increase the minimum amounts of financial assurance required under subsection (a) of this section;

(2) Enable permit applicants to offer, and the Department to authorize, alternative means for demonstrating financial assurance, including:

- (i) A performance bond;
- (ii) A blanket bond;
- (iii) Cash;

- (iv) A certificate of deposit;
- (v) A letter of credit;
- (vi) Self-insurance;
- (vii) A corporate guarantee; or
- (viii) Any other surety the Department determines to be good and sufficient; and

(3) Establish alternative financial assurance requirements as appropriate for a new gas storage well and a gas storage well that is modified by recompletion, stimulation, deepening, or adding lateral extensions.

(f) The Department shall adopt regulations requiring each holder of a permit to drill for gas or oil to have equipment available for the prevention and containment of gas leaks and oil spills.

(g) A permit or the transfer of a permit may not become effective until the financial assurance requirements of this section have been satisfied.

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